

REFERENCE TITLE: salvage title; stolen vehicle title

State of Arizona  
Senate  
Forty-eighth Legislature  
Second Regular Session  
2008

# **SB 1165**

Introduced by  
Senator Gorman

AN ACT

AMENDING SECTION 28-2091, ARIZONA REVISED STATUTES; RELATING TO THE SALVAGE,  
SEIZURE AND DISMANTLING OF VEHICLES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 28-2091, Arizona Revised Statutes, is amended to  
3 read:

4 28-2091. Salvage certificate of title; stolen vehicle  
5 certificate of title; nonrepairable vehicle  
6 certificate of title; recovered vehicles; violation;  
7 classification; definitions

8 A. If a vehicle that is subject to titling or registration pursuant to  
9 this chapter becomes a salvage vehicle, **STOLEN VEHICLE** or nonrepairable  
10 vehicle and is acquired by an insurance company as a result of a total loss  
11 insurance settlement, the insurance company or its authorized agent shall  
12 submit an application to the department within thirty days after the title is  
13 properly assigned by the owner to the insurance company, with all liens  
14 released, on a form prescribed by the department for a salvage certificate of  
15 title, **STOLEN VEHICLE CERTIFICATE OF TITLE** or nonrepairable vehicle  
16 certificate of title and include the following:

- 17 1. A properly endorsed certificate of title.
- 18 2. A lien satisfaction, if applicable.
- 19 3. The appropriate fees.

20 B. **WITHIN THIRTY DAYS AFTER ORAL OR WRITTEN ACCEPTANCE BY THE OWNER OF**  
21 **AN OFFER IN SETTLEMENT OF TOTAL LOSS, IF AN INSURANCE COMPANY OR ITS**  
22 **AUTHORIZED AGENT IS UNABLE TO OBTAIN THE DOCUMENTS PRESCRIBED BY SUBSECTION**  
23 **A, PARAGRAPHS 1 AND 2 OF THIS SECTION, THE INSURANCE COMPANY OR ITS AGENT, ON**  
24 **A FORM PROVIDED BY THE DEPARTMENT, MAY SUBMIT AN APPLICATION TO THE**  
25 **DEPARTMENT FOR A SALVAGE CERTIFICATE OF TITLE OR NONREPAIRABLE VEHICLE**  
26 **CERTIFICATE OF TITLE. THE APPLICATION SHALL INCLUDE EVIDENCE THAT THE**  
27 **INSURANCE COMPANY OR ITS AGENT HAS MADE TWO OR MORE WRITTEN ATTEMPTS TO**  
28 **OBTAIN THE DOCUMENTS PRESCRIBED BY SUBSECTION A, PARAGRAPHS 1 AND 2 OF THIS**  
29 **SECTION. THE APPLICATION SHALL INCLUDE THE APPROPRIATE FEES PRESCRIBED BY**  
30 **SUBSECTION A, PARAGRAPH 3 OF THIS SECTION. THE INSURANCE COMPANY SHALL**  
31 **INDEMNIFY AND HOLD HARMLESS THE DEPARTMENT FOR ANY CLAIMS RESULTING FROM THE**  
32 **ISSUANCE OF A SALVAGE CERTIFICATE OF TITLE OR NONREPAIRABLE VEHICLE**  
33 **CERTIFICATE OF TITLE PURSUANT TO THIS SUBSECTION.**

34 ~~B.~~ C. Except for vehicles registered pursuant to section 28-2482,  
35 28-2483 or 28-2484, if the owner retains possession of a salvage vehicle or  
36 nonrepairable vehicle, the owner shall comply with this section before  
37 receiving a total loss settlement from the insurance company or otherwise  
38 disposing of the vehicle.

39 ~~C.~~ D. Any other owner of a vehicle that is a salvage vehicle or  
40 nonrepairable vehicle shall apply for a salvage certificate of title or  
41 nonrepairable vehicle certificate of title pursuant to this section.

42 ~~D.~~ E. On receipt of a proper application, the department shall issue  
43 a salvage certificate of title, **STOLEN VEHICLE CERTIFICATE OF TITLE** or  
44 nonrepairable vehicle certificate of title for the vehicle.

1           ~~E~~. F. If the department issues a nonrepairable vehicle certificate of  
2 title for a vehicle, the registration of the vehicle is cancelled. The front  
3 of a nonrepairable vehicle certificate of title shall be branded with the  
4 word "nonrepairable". The ownership of a vehicle for which a nonrepairable  
5 vehicle certificate of title has been issued shall not be reassigned more  
6 than two times on that certificate of title. If a nonrepairable vehicle  
7 certificate of title is issued for a vehicle, the department shall not issue  
8 any further certificate of title for that vehicle.

9           ~~F~~. G. An owner of a vehicle that is not a salvage vehicle who sells  
10 the vehicle as scrap or for purposes of dismantling or destroying shall  
11 assign the certificate of title to the purchaser, and the purchaser shall  
12 comply with section 28-2094.

13           ~~G~~. H. On sale of the vehicle, an owner of a salvage vehicle for which  
14 a salvage certificate of title has been obtained or an owner of a  
15 nonrepairable vehicle for which a nonrepairable vehicle certificate of title  
16 has been obtained shall assign and deliver the salvage certificate of title  
17 or nonrepairable vehicle certificate of title to the purchaser and shall  
18 notify the department of the name and address of the purchaser.

19           ~~H~~. I. Except as provided in subsection ~~K~~ L of this section, the  
20 department shall issue a certificate of title to a vehicle that has been  
21 issued a ~~salvage~~ STOLEN VEHICLE certificate of title as a result of a total  
22 loss settlement by reason of theft if the vehicle is recovered and was not  
23 wrecked or stripped of essential parts and the insurance company or its  
24 authorized agent submits an affidavit to the department in a form prescribed  
25 by the department stating either of the following:

26           1. The vehicle is a recovered theft and both of the following:

27           (a) The vehicle was not wrecked or stripped of essential parts.

28           (b) To the insurance company's or its authorized agent's actual  
29 knowledge, no air bag or component part necessary to the proper function of  
30 the air bag system deployed in the vehicle or was removed from the vehicle.

31           2. The vehicle is a recovered theft and, to the insurance company's or  
32 its authorized agent's actual knowledge, an air bag or an air bag module  
33 deployed in the vehicle or was removed from the vehicle. The insurance  
34 company or its authorized agent shall list the location in the vehicle of  
35 each deployment or removal of an air bag or an air bag module.

36           ~~I~~. J. On receipt of an affidavit submitted pursuant to subsection  
37 ~~H~~ I, paragraph 2 of this section, the department shall mark its records to  
38 indicate the deployment or removal of the air bag or air bag module from the  
39 vehicle and the location of each deployment or removal.

40           ~~J~~. K. The insurance company or its authorized agent shall give the  
41 purchaser of a vehicle that is a recovered theft, as described in subsection  
42 ~~H~~ I of this section, a copy of the affidavit submitted pursuant to  
43 subsection ~~H~~ I of this section.

44           ~~K~~. L. If the vehicle is a recovered theft and components of the  
45 vehicle's air bag system, other than the air bag or the air bag module

1 described in subsection ~~H~~ I, paragraph 2 of this section, or other parts of  
2 the vehicle were removed compromising the functional integrity of the air bag  
3 system or the structural integrity of the vehicle, the insurance company or  
4 its authorized agent shall submit an affidavit to the department in a form  
5 prescribed by the department stating that the vehicle is a recovered theft  
6 and that components of the vehicle's air bag system, other than the air bag  
7 or the air bag module described in subsection ~~H~~ I, paragraph 2 of this  
8 section, or other parts of the vehicle were removed compromising the  
9 functional integrity of the air bag system or the structural integrity of the  
10 vehicle. The department shall not issue a certificate of title to the  
11 vehicle but may issue a restored salvage certificate of title pursuant to  
12 section 28-2095 if all of the following apply:

- 13 1. The vehicle is repairable.
- 14 2. The department successfully completes a level three inspection as  
15 prescribed in section 28-2011.
- 16 3. The vehicle meets other requirements the director prescribes.

17 ~~L~~ M. Except as provided in subsection ~~M~~ N of this section, any  
18 person who sells a vehicle that is issued a certificate of title pursuant to  
19 subsection ~~H~~ I of this section and who has actual knowledge that an air bag,  
20 an air bag module or components of the vehicle's air bag system compromising  
21 the functional integrity of the air bag system deployed or were removed from  
22 the vehicle shall not fail to disclose the deployment or removal to the buyer  
23 before completion of the sale with the intention of concealing the deployment  
24 or removal. A person who violates this subsection is guilty of a class 1  
25 misdemeanor.

26 ~~M~~ N. Subsection ~~L~~ M of this section does not apply to either of the  
27 following:

- 28 1. An insurance company or its authorized agent who issues an  
29 affidavit pursuant to subsection ~~H~~ I of this section unless the insurance  
30 company or its authorized agent intentionally fails to disclose the  
31 deployment or removal of an air bag, an air bag module or components of the  
32 vehicle's air bag system that compromise the functional integrity of the air  
33 bag system.

- 34 2. A person who owns a vehicle that is issued a certificate of title  
35 pursuant to subsection ~~H~~ I of this section if the person repairs or replaces  
36 the air bag or air bag module in the vehicle.

37 ~~N~~ O. Any person who sells a vehicle for which a salvage certificate  
38 of title has been issued and who knows a salvage certificate of title has  
39 been issued for the vehicle shall disclose to the buyer before completion of  
40 the sale that the vehicle is a salvage vehicle.

41 ~~O~~ P. If a vehicle that is titled as a salvage vehicle is to be  
42 scrapped, dismantled or destroyed, the owner or purchaser shall comply with  
43 section 28-2094.

44 ~~P~~ Q. The provisions of this chapter that refer to titles apply to  
45 salvage certificates of title, **STOLEN VEHICLE CERTIFICATES OF TITLE** and

1 nonrepairable vehicle certificates of title issued pursuant to this section  
2 unless they conflict with this section.

3 ~~R.~~ R. If a component part of a vehicle on which the vehicle  
4 identification number is affixed is to be replaced and if the vehicle is  
5 being repaired by a person other than its owner, the person shall notify the  
6 owner in writing and in the manner prescribed by the department that the part  
7 has been replaced, and the owner shall comply with section 28-2165. This  
8 subsection does not apply if the department has not issued a salvage  
9 certificate of title or a nonrepairable certificate of title and if the  
10 vehicle manufacturer or the manufacturer's authorized agent meets all of the  
11 following conditions:

12 1. The frame is the component part replaced.

13 2. The frame replacement is performed by the vehicle manufacturer or  
14 the manufacturer's authorized agent.

15 3. If the original frame contained a vehicle identification number or  
16 serial number, the original vehicle identification number or serial number,  
17 in a similar size and style, is restamped in the replacement frame by the  
18 manufacturer or the manufacturer's authorized agent.

19 4. Any existing manufacturer warranties remaining on the vehicle are  
20 not voided.

21 5. The manufacturer or the manufacturer's authorized agent obliterates  
22 all vehicle identification numbers or serial numbers contained on the  
23 original frame.

24 ~~R.~~ S. Except as otherwise provided, a person who violates this  
25 section is guilty of a class 2 misdemeanor.

26 ~~S.~~ T. For the purposes of this section:

27 1. "Essential parts" means integral and body parts, the removal,  
28 alteration or substitution of which will tend to conceal the identity or  
29 substantially alter the appearance of the vehicle.

30 2. "Nonrepairable vehicle" means a vehicle of a type that is otherwise  
31 subject to titling and registration pursuant to this chapter and that either:

32 (a) Has no resale value except as a source of parts or scrap metal and  
33 the owner or insurer designates the vehicle solely as a source of parts or  
34 scrap metal.

35 (b) Is a completely stripped vehicle that is recovered from theft and  
36 that is missing the engine or motor, the transmission, all of the bolt-on  
37 sheet metal body panels, all of the doors and hatches, substantially all of  
38 the interior components and substantially all of the grill and light  
39 assemblies or that the owner designates has little or no resale value except  
40 its worth as a source of scrap metal or as a source of a vehicle  
41 identification number that could be used illegally.

42 (c) Is a completely burned vehicle that has been burned to the extent  
43 that there are no usable or repairable body or interior components, tires and  
44 wheels, engine or motor or transmission and that the owner irreversibly  
45 designates as having little or no resale value except as a source of scrap

1 metal or as a source of a vehicle identification number that could be used  
2 illegally.

3 3. "Nonrepairable vehicle certificate of title" means a vehicle  
4 ownership document issued to the owner of a nonrepairable vehicle.

5 4. "Salvage vehicle" means a vehicle, other than a nonrepairable  
6 vehicle, of a type that is subject to titling and registration pursuant to  
7 this chapter and that has been stolen, wrecked, destroyed, flood or water  
8 damaged or otherwise damaged to the extent that the owner, leasing company,  
9 financial institution or insurance company considers it uneconomical to  
10 repair the vehicle.

11 5. "STOLEN VEHICLE CERTIFICATE OF TITLE" MEANS A VEHICLE OWNERSHIP  
12 DOCUMENT ISSUED TO THE OWNER OF A VEHICLE THAT HAS BEEN STOLEN AND NOT  
13 RECOVERED.